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COLUMBIA, SOUTH CAROLINA

August 7, 2008

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**VIA ELECTRONIC FILING**

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Mr. Charles Terreni  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Synergy Business Park, Saluda Building  
101 Executive Center Drive  
Columbia, SC 29210

**Re: Application of Duke Energy Carolinas, LLC for Authorization to  
Issue and Sell Securities Pursuant to S.C. Code § 58-27-1720**

Dear Mr. Terreni:

Enclosed for filing please find the Application of Duke Energy Carolinas, LLC for authorization under pursuant to S.C. Code Section 58-27-1720 to issue and sell securities. By copy of this letter we are serving the same on the Office of Regulatory Staff. If you have any questions, please have someone on your staff contact me.

Yours truly,

ROBINSON, MCFADDEN & MOORE, P.C.

  
Bonnie D. Shealy

/tch  
Enclosures

cc/enc: Dan F. Arnett, ORS Chief of Staff (via email & U.S. Mail)  
Robert T. Lucas, III, Esquire (via email)  
Catherine E. Heigel, Esquire (via email)

## STATE OF SOUTH CAROLINA

Application of Duke Energy Carolinas, LLC,  
For Authorization to Issue and Sell Securities  
Pursuant to S.C. Code Ann. § 58-27-1720

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

## COVER SHEET

DOCKET  
NUMBER:

(Please type or print)

Submitted by: Bonnie D. ShealySC Bar Number: 11125Address: Robinson, McFadden & Moore, P.C.  
PO Box 944  
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Other: \_\_\_\_\_

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

**DOCKETING INFORMATION** (Check all that apply)

- ☐ Emergency Relief demanded in petition      ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2008 \_\_\_\_ - \_\_\_\_**

Application of Duke Energy Carolinas, LLC,     )  
For Authorization Under Article 13, Chapter     )  
27 of Title 58 Of The Code Of Laws of South     )  
Carolina, (1976, As Amended), to Issue and     )  
Sell Securities     )

**APPLICATION**

Duke Energy Carolinas, LLC (the, "Company" or "Applicant") hereby makes application for authorization from the Public Service Commission of South Carolina, ("Commission") to issue and sell, from time to time, a maximum of \$2,000,000,000 aggregate principal amount of securities of the types listed herein, in the manner hereinafter described. This Application is made pursuant to Article 13, Chapter 27 of the Title 58 of the Code of Laws of South Carolina, (1976, as amended) (§ 58-27-1720) and other applicable Rules, Regulations, and Statutes. In support of this Application, the Applicant shows the Commission the following:

**1. Description of the Company**

The Company is a limited liability company duly organized and existing under the laws of the State of North Carolina, domesticated under the laws of the State of South Carolina to conduct business within this state. The Company is engaged in the business of generating, transmitting, distributing and selling electric power and energy, and is a public utility subject to the jurisdiction of this Commission. It is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy

Regulatory Commission. The Company is a wholly owned subsidiary of Duke Energy Corporation, which is a holding company headquartered in Charlotte, North Carolina. Duke Energy Corporation wholly owns three other electric utility subsidiaries, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc. In addition, Duke Energy owns various non-regulated energy businesses primarily in the United States and Latin America.

## **2. Notices and Communications**

The names and addresses of the Company's attorneys who are authorized to receive notices and communications with respect to this application are:

Robert T. Lucas III  
Associate General Counsel and Assistant Secretary  
Duke Energy Carolinas, LLC  
P.O. Box 1244  
Charlotte, North Carolina 28201-1244  
(704) 382-8152

and

Frank R. Ellerbe, III  
Bonnie D. Shealy  
Robinson, McFadden & Moore, PC  
1901 Main Street, Suite 1200  
Post Office Box 944  
Columbia, South Carolina 29202  
(803) 779-8900

## **3. Outstanding Debt Obligations**

As of March 31, 2008, the Company's existing outstanding debt consisted of First and Refunding Mortgage Bonds, Senior Notes and Other Long-Term Debt. A schedule of all such Bonds, Notes and Other Long-Term Debt outstanding as of March 31, 2008 is attached hereto as Exhibit "A". All of the outstanding First and Refunding Mortgage Bonds were issued under the terms of a First and Refunding Mortgage dated as of December 1, 1927, from the Company to The Bank of New York, as trustee, as supplemented and amended by various Supplemental Indentures (hereafter sometimes referred to as the "Mortgage"), copies of all of which have been

filed with this Commission. The Pollution Control Obligations resulted when the Company borrowed the proceeds of the sale of pollution control revenue bonds issued by various governmental authorities pursuant to authorization granted by this Commission.

All of the Senior Notes are issued under a Senior Indenture to The Bank of New York, as successor trustee to JP Morgan Chase Bank, as dated as of September 1, 1998 (the "Senior Indenture").

The Other Long-Term Debt includes a financing arrangement utilizing commercial paper backed by a long-term credit facility as approved by this Commission in Order No 2007-578, issued on August 23, 2007, in Docket No. 2004-141-E.

#### **4. Issuance and Sale of Proposed Securities**

Subject to the approval of the North Carolina Utilities Commission and this Commission, the Company proposes to issue and sell, from time to time, a maximum of \$2,000,000,000 aggregate principal amount of all or any combination of the following (collectively, the "Proposed Securities"):

(i) Long-Term Debt Securities ("Proposed Debt Securities")

The Proposed Debt Securities may be unsecured debt instruments or First and Refunding Mortgage Bonds.

To the extent the Proposed Debt Securities are Senior Notes, they will be created and issued under the Senior Indenture as heretofore supplemented or as further supplemented by a Supplemental Indenture to be executed in connection with their issuance. To the extent the Proposed Debt Securities are Subordinated Notes, they will be created and issued under the Company's Subordinated Indenture to the Bank of New York, as Trustee, dated as of December 1, 1997, as heretofore supplemented or as further supplemented by a Supplemental Indenture to be executed in connection with their issuance.

To the extent the Proposed Debt Securities are the Company's First and Refunding Mortgage Bonds, they will be created and issued under the Mortgage, as heretofore supplemented and as to be further supplemented and amended by a Supplemental Indenture to be executed in connection with their issuance. They will be

subject to all of the provisions of the Mortgage, as supplemented, and by virtue of said Mortgage will constitute (together with the Company's outstanding First and Refunding Mortgage Bonds) a first lien on substantially all of the Company's fixed property and franchises.

When any of the Proposed Debt Securities are issued for refunding or refinancing the Company proposes to execute the proposed transactions so that, over time, there will be no material effect on the Company's capitalization with respect to the source of funds.

The Proposed Debt Securities may also consist of debt securities subject to remarketing prior to maturity. Consistent with prior orders of the Commission, any remarketing of such securities or resetting of their interest rates prior to the scheduled maturity date would not be deemed to be a re-issuance of such securities by the Company, so as to reduce the amount of securities otherwise permitted to be issued by the Company pursuant to the terms of the Commission's Order when issued in this Docket.

(ii) Tax Exempt Bond Obligations

The Company proposes to enter into agreements to borrow proceeds from the sale of tax exempt debt securities issued by one or more governmental authorities ("Tax Exempt Bonds"), to fund construction of qualifying facilities associated with the Company's electric generation plants (and qualifying related expenditures), to reimburse costs previously expended for such purposes, or to refinance previously outstanding Tax Exempt Bonds. The Company's obligation to repay the issuing authority may be direct, through a secured or unsecured loan agreement between it and the authority, or indirect through financing arrangements such as a letter of credit posted by a bank to secure the Company's obligations on the Tax Exempt Bonds. The Company's direct obligation under a loan agreement with the authority may be insured by a third party or secured by issuance of a First and Refunding Mortgage Bond or other secured instrument.

To the extent the Proposed Securities are issued and sold in one or more public offerings subject to registration under the federal securities laws, the Company will sell the Proposed Securities during the effective period of a "shelf" registration statement

which Applicant has filed with the Securities and Exchange Commission in connection with the registration of such securities.

The Company proposes to enter into negotiations with, or request competitive proposals from, investment bankers or other financial institutions to act as agents, dealers, underwriters, or direct purchasers in connection with either the public or private offering of each issuance of Proposed Securities in accordance with the terms thereof. The Company will determine which sales method and financial institution(s) will provide the most favorable terms to the Company for any issuance and sale of the Proposed Securities.

#### **5. Previously Granted Authority**

The authority requested herein is to replenish the authority remaining under Docket No. 2007-338-E, which has been fully utilized as further described in the Company's Reports of Issue and Sale in such Docket.

#### **6. Fees and Costs**

The Company will pay no fee for services (other than attorneys, accountants, trustees and fees for similar technical services) in connection with the negotiation of consummation of the issuance and sale of any of the Proposed Securities, nor for services in securing underwriters, agents, dealers or purchasers of such securities (other than fees negotiated with such persons).

#### **7. Use of Proceeds**

Proceeds from sales of the Proposed Securities may be used for (a) the purchase or redemption of the Company's outstanding higher cost securities as hereinafter provided, (b) refunding maturing securities, (c) financing the Company's ongoing construction, as further described in Section "8" hereof (including the acquisition of nuclear fuel) or (d) the Company's general purposes, as allowed. In each case, such proceeds may be used for the repayment of short-term debt incurred for such purposes.

When the net proceeds from the sales of any of the Proposed Securities will be applied and used by the Company to purchase or redeem certain of the Company's outstanding unmatured debt securities, such sales will be made from time to time when market conditions permit the sales on terms which would result in a lower cost of money to the Company. Any premium paid on purchased or redeemed debt securities will be amortized over the life of the new securities, and the Company proposes to include the after-tax amount of such unamortized premium in Company's rate base as a component of working capital. As previously noted, the net proceeds of any of the Proposed Securities may be applied and used by the Company to refund maturing securities, including the repayment of short-term debt incurred for that purpose. A schedule of the maturities of the Company's outstanding debt securities is provided in Exhibit A.

As reported in its SEC filings, the Company is exposed to risk resulting from changes in interest rates as a result of its issuance of variable and fixed rate debt. As part of its financing program, the Company manages and mitigates its interest rate exposure by, among other things, entering into financial derivative instruments, including interest rate swaps, swaptions and U.S. Treasury lock agreements, among other products commonly used in today's capital markets.

## **8. Electric Plant and Demand Growth**

The Company is continuing its construction program of additions to its electric generation, transmission and distribution facilities in order to, among other things, (i) meet the expected increase in demand for electric service, (ii) construct and maintain an adequate margin of reserve generating capacity, (iii) conduct necessary replacements of major generating plant components and (iv) meet environmental compliance requirements.

The Company connected 65,000 new customers in 2007 and continues to incur significant capital expenditures related to expanding and replacing its transmission and distribution system.

The Company's electric energy sales for 2007 reached 87 billion kWh; and sales for 2006 were 83 billion kWh. Sufficient financing of its current construction program is essential if the Company is to continue to be able to meet its obligations to the public to provide adequate and reliable electric service. The Company's electric plant construction expenditures (including



expenditures for the acquisition of the nuclear fuel) were \$1.7 billion for 2007 and \$1.8 billion for 2006. Further information is set forth in the Company's financial statements attached as exhibits to this Application.

The Company's plans include incurring significant capital expenditures for compliance with environmental rules and regulations with respect to its existing generation plants, and construction of new electric generation plants to meet increasing customer demand. Between the date of this Application and December, 2010, the Company plans to invest approximately \$7.3 billion in its electric plant. Adequate financing authority, as applied for herein, will allow the Company to access the capital markets to efficiently fund these necessary capital expenditures.

#### **9. Purposes and Compatibility with Public Interest**

The purposes of the issuance and sale of the Proposed Securities are lawful objects within the limits of the Company's authority and purposes under the applicable laws and regulations, and as set forth in its Limited Liability Company Operating Agreement, as amended, which is on file with this Commission. For the reasons set forth above, the issuance and sale of the Proposed Securities will be compatible with the public interest, will be necessary and appropriate for, and consistent with, the proper performance by the Company of its service to the public as a utility, will not impair its ability to perform that service, and will be reasonably necessary and appropriate for such purpose.

#### **10. Financial Condition and Operating Reports**

The financial condition of the Company and its results of operations are shown by the Company's Annual Reports to the Commission and by other records of the Commission relating to the Company.

## **11. Exhibits**

Exhibits in support of the Application include:

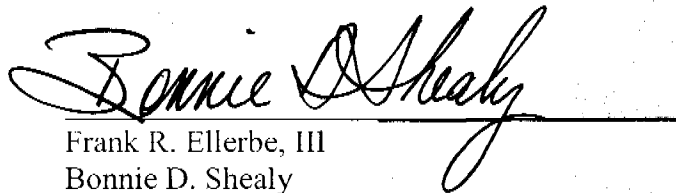
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|--------------------|--|
| <b>EXHIBIT A</b>   | Schedule of Outstanding First and Refunding Mortgage Bonds, Notes and Other Obligations of the Company as of March 31, 2008.   |
| <b>EXHIBIT B-1</b> | Copy of Senior Indenture of the Company to the Bank of New York, as Trustee, dated as of September 1, 1998. This exhibit is on file with the Commission in Docket 98-469-E.              |
| <b>EXHIBIT B-2</b> | Copy of Subordinated Indenture of the Company to the Bank of New York, as Trustee, dated December 1, 1997. This exhibit is on file with the Commission in Docket 97-475-E.               |
| <b>EXHIBIT C</b>   | Copy of the Company's Limited Liability Company Operating Agreement dated as of April 3, 2006, as amended. This exhibit is on file with the Commission in Docket No. 2007-338-E.         |
| <b>EXHIBIT D</b>   | Annual Reports of the Company to the Commission and other records of the Commission relating to the Company. Reference is made to these reports and records on file with the Commission. |
| <b>EXHIBIT E</b>   | Unconsolidated Balance Sheet of the Company at March 31, 2008, including pro forma effects of proposed issuance and sale.  |
| <b>EXHIBIT F-1</b> | Unconsolidated Statement of Income of the Company for the three months ended March 31, 2008.   |
| <b>EXHIBIT F-2</b> | Unconsolidated Statement of Income of the Company for the twelve months ended December 31, 2007.   |
| <b>EXHIBIT G</b>   | Unconsolidated Statement of Cash Flows for the three months ended March 31, 2008; and Statement of Retained Earnings of the Company for the three months ended March 31, 2008.           |
| <b>EXHIBIT H</b>   | Unconsolidated Statement of Capitalization of the Company at March 31, 2008 including pro forma effects of proposed issuance and sale.   |

WHEREFORE, Duke Energy Carolinas respectfully prays that its request for approval to issue and sell securities, all in the manner herein set forth, be authorized and approved by this Commission. *gh*

This 7 day of August, 2008.

Respectfully Submitted,

Robinson, McFadden & Moore, P.C.



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and

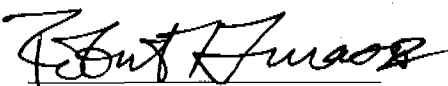
Robert T. Lucas III  
Associate General Counsel and  
Assistant Secretary  
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Attorneys for Duke Energy Carolinas, LLC

**VERIFICATION**  
**PURSUANT**  
**TO**  
**§ 58-27-1720**

The undersigned officers of Duke Energy Carolinas, LLC verify that this Application is in compliance with § 58-27-1720, South Carolina Code of Laws (1976 as amended).

  
Stephen G. De May  
Vice President and Treasurer

  
Robert T. Lucas III  
Assistant Secretary

**DUKE ENERGY CAROLINAS**  
**UNCONSOLIDATED SCHEDULE OF OUTSTANDING FIRST AND REFUNDING MORTGAGE BONDS, NOTES AND OTHER OBLIGATIONS**  
 March 31, 2008  
 (Dollars in Thousands)

EXHIBIT A  
1 of 1

				Authority for Issue	
Description of Securities	Date of Issuance	Date of Maturity	Amount Outstanding	North Carolina	South Carolina
<b>First and Refunding Mortgage Bonds</b>					
8.950%	7/01/1991	7/01/2027	13,742	Docket No. B-209, Sub 31	Docket No. 91-284-E
4.500%	2/25/2003	4/01/2010	200,000	Docket No. E-7, Sub 720	Docket No. 2002-359-E
5.300%	3/21/2003	10/01/2015	500,000	Docket No. E-7, Sub 727	Docket No. 2003-183-E
5.250%	1/07/2008	1/15/2018	400,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
6.000%	1/07/2008	1/15/2038	500,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
Subtotal			1,613,742		
<b>Other Obligations</b>					
Series 1990 York County	5/23/1990	8/01/2014	40,000	Docket No. E-7, Sub 465	Docket No. 90-335-E
Series 1993 Oconee County	4/27/1993	2/01/2017	77,000	Docket No. E-7, Sub 520	Docket No. 93-161-E
Series 1999 Gaston County	10/28/1999	10/01/2012	20,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 1999A Oconee County	10/28/1999	2/01/2017	25,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 1999B Oconee County	10/28/1999	2/01/2017	10,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 2006A NCCFFA	10/18/2006	10/01/2031	75,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Series 2006B NCCFFA	10/18/2006	10/01/2031	75,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Series 2008A NCCFFA	4/18/2008	11/01/2040	50,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
Series 2008B NCCFFA	4/18/2008	11/01/2040	50,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
Subtotal			422,000		
<b>Senior Debt</b>					
7.375%	3/10/2000	3/01/2010	300,000	Docket No. E-7, Sub 631	Docket No. 98-469-E
5.375%	1/12/1999	1/01/2009	200,000	Docket No. E-7, Sub 631	Docket No. 98-469-E
6.000%	12/04/1998	12/01/2028	300,000	Docket No. E-7, Sub 631	Docket No. 98-469-E
6.250%	1/14/2002	1/15/2012	750,000	Docket No. E-7, Sub 691	Docket No. 2001-140-E
6.450%	10/08/2002	10/15/2032	350,000	Docket No. E-7, Sub 707	Docket No. 2002-88-E
5.625%	11/20/2002	11/30/2012	400,000	Docket No. E-7, Sub 720	Docket No. 2002-359-E
4.200%	9/23/2003	10/01/2008	300,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
6.100%	6/05/2007	6/01/2037	500,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
9.21% -- NP&L	8/01/1998	2/01/2011	2,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
7.45% -- NP&L	8/03/1998	11/30/2012	7,667	Docket No. E-7, Sub 727	Docket No. 2003-184-E
6.9% -- NP&L	6/30/1998	12/30/2016	21,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Subtotal			3,130,667		
<b>Commercial Paper</b>					
Unamortized Debt Discount and Premium, Net			300,000		
Other-Long Term Debt			(8,714)		
Current Maturities of Long-Term Debt			332,394		
Non-Current Portion of Long-Term Debt			(510,161)		
			5,279,927		

**Note**  
 Detail amounts may not add to totals shown due to rounding.

**DUKE ENERGY CAROLINAS**  
**UNCONSOLIDATED BALANCE SHEETS**  
 March 31, 2008  
 (Dollars in Thousands)

	Actual	Proforma Adjustments	Proforma
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash .....	26,635		\$ 26,635
Short-term investments .....	158,404		158,404
Receivables .....	845,240		845,240
Less allowances for losses .....	(5,204)		(5,204)
Receivables, net .....	840,036		840,036
Inventory - at average cost .....	579,485		579,485
Current maturity of deferred debits .....	218		218
Prepayments and other .....	55,774		55,774
Total current assets .....	1,660,552		1,660,552
<b>INVESTMENTS AND OTHER ASSETS</b>			
Investments in and advances to subsidiaries and affiliates. ....	(1,050)		(1,050)
Other investments, at cost or less .....	73,850		73,850
Nuclear decommissioning trust funds .....	1,818,152		1,818,152
Total investments and other assets .....	1,890,953		1,890,953
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Electric plant in service (at original cost)			
Production .....	10,224,796		10,224,796
Transmission .....	2,086,913		2,086,913
Distribution .....	7,531,951		7,531,951
Other .....	3,052,805		3,052,805
Electric plant in service .....	22,896,465		22,896,465
Accumulated depreciation and amortization .....	(10,369,013)		(10,369,013)
Electric plant in service, net .....	12,527,452		12,527,452
Nuclear fuel .....	839,294		839,294
Accumulated amortization .....	(517,034)		(517,034)
Nuclear fuel, net .....	322,259		322,259
Construction work in progress	1,464,822	1,900,000 (A)	3,364,822
Nuclear Fuel in process .....	132,154		132,154
Total construction work in progress .....	1,596,977		1,596,977
Total electric plant, net .....	14,446,688	1,900,000	16,346,688
Other property - at cost	112,766		112,766
Accumulated depreciation .....	(11,827)		(11,827)
Total other property, net - at cost .....	100,940		100,940
Total property, plant and equipment, net .....	14,547,627	1,900,000	16,447,627
<b>DEFERRED DEBITS</b>			
Debt expense, primarily refinancing costs, being amortized over the terms of related debt .....	186,011		186,011
Regulatory asset related to income taxes .....	417,470		417,470
Regulatory asset related to DOE assessment fee .....	-		-
Deferred DSM .....	(1,655)		(1,655)
Injuries & Damages Insurance Receivable .....	992,000		992,000
Other .....	753,363		753,363
Total deferred debits .....	2,347,189		2,347,189
<b>TOTAL ASSETS .....</b>	<b>\$ 20,446,321</b>	<b>\$ 1,900,000</b>	<b>\$ 22,346,321</b>

**Notes**

(A) Balance of debt-issuance proceeds will be used to retire current maturities of long-term debt and debt maturing in 2009 and 2010 and to fund construction work-in-progress.

Detail amounts may not add to totals shown due to rounding.

**DUKE ENERGY CAROLINAS**  
**UNCONSOLIDATED BALANCE SHEETS**  
 March 31, 2008  
 (Dollars in Thousands)

	Actual	Proforma Adjustments	Proforma
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable .....	\$ 697,152		\$ 697,152
Notes payable .....	-		-
Taxes accrued .....	302,266		302,266
Interest accrued .....	103,311		103,311
Current maturities of long-term debt and preferred stock .....	510,161	(500,000)	10,161
Dividends accrued .....	-		-
Other .....	375,498		375,498
Total current liabilities .....	<u>1,988,389</u>	<u>(500,000)</u>	<u>1,488,389</u>
<b>LONG-TERM DEBT</b> .....	5,279,927	2,400,000 (B)	7,679,927
<b>ACCUMULATED DEFERRED INCOME TAXES</b> .....	2,024,885		2,024,885
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>			
Investment tax credit .....	124,412		124,412
Nuclear Decommissioning costs externally funded .....	347,962		347,962
Asset Retirement Obligation .....	2,346,081		2,346,081
Other .....	1,545,741		1,545,741
Total deferred credits and other liabilities .....	<u>4,364,196</u>		<u>4,364,196</u>
<b>MEMBERS' EQUITY</b>			
Accumulated Other Comprehensive Income .....	(32,669)		(32,669)
Retained earnings/Paid-In Capital .....	6,821,594		6,821,594
Total members' equity .....	<u>6,788,925</u>		<u>6,788,925</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b> .....	<u>\$ 20,446,321</u>	<u>\$ 1,900,000</u>	<u>\$ 22,346,321</u>

**Notes**

(B) The net increase in long-term debt includes the issuance of \$900 million of First Mortgage Bonds in April 2008 pursuant to authorization under the petitioners prior order (Docket No. E-7, Sub 836) and the proforma affects of the requested \$2.0 billion financing authorization.

Detail amounts may not add to totals shown due to rounding.

**DUKE ENERGY CAROLINAS**  
**UNCONSOLIDATED INCOME STATEMENT**  
Three Months Ending March 31, 2008  
(Dollars in Thousands)

EXHIBIT F-1  
1 of 1

Description	Actual
<b>Electric Revenues</b>	<b>\$ 1,380,586</b>
<b>Electric Expenses</b>	
Operation	
Fuel Used in Electric Generation	376,233
Purchased Power	40,023
Other Operation	236,215
Maintenance	132,807
Deprec & Amort	185,479
Taxes	
General	76,556
Federal Income	75,860
State Income	14,209
Provision for Deferred Income	3,205
ITC	(2,021)
<b>Total Electric Expenses</b>	<b>1,138,565</b>
<b>Electric Operating Income</b>	<b>242,021</b>
<b>Other Income</b>	
Allow for Other Funds During Construction	20,095
Earnings of Subsidiaries	(20)
Other Dividends and Interest	7,188
Other-Net	(2,927)
Other Income Deductions	(25,972)
Income Taxes-Non-Utility	8,766
Prov for Deferred Inc Tax (Non-Util)	(2,817)
<b>Total Other Income, Net</b>	<b>4,314</b>
<b>Gross Income</b>	<b>246,335</b>
<b>Interest Deductions</b>	
Interest on Long-Term Debt	81,083
Allow for Borrowed Funds During Construction	(9,236)
Other Interest	2,497
Amortization of Debt Discount & Expense	4,275
<b>Total Interest Deductions</b>	<b>78,618</b>
<b>Net Income</b>	<b>167,717</b>
Dividends on Preference & Pref Stock	-
<b>Earnings for Common Stock</b>	<b>\$ 167,717</b>

**Note**

This schedule represents the actual income statement for three months. No proforma adjustments were calculated.  
Detail amounts may not add to totals shown due to rounding.



**DUKE ENERGY CAROLINAS**  
**UNCONSOLIDATED INCOME STATEMENT**  
 Twelve Months Ending December 31, 2007  
 (Dollars in Thousands)

EXHIBIT F-2  
 1 of 1

Description	Actual
<b>Electric Revenues</b>	<b>\$ 5,739,558</b>
<b>Electric Expenses</b>	
Operation	
Fuel Used in Electric Generation	1,498,785
Purchased Power	133,950
Other Operation	1,024,098
Maintenance	505,285
Deprec & Amort	934,099
Taxes	
General	316,800
Federal Income	366,445
State Income	55,227
Provision for Deferred Income	(54,395)
ITC	(8,378)
<b>Total Electric Expenses</b>	<b>4,771,917</b>
<b>Electric Operating Income</b>	<b>967,642</b>
<b>Other Income</b>	
Allow for Other Funds During Construction	45,956
Earnings of Subsidiaries	6,343
Other Dividends and Interest	45,902
Other-Net	(20,492)
Other Income Deductions	(104,347)
Income Taxes-Non-Utility	36,582
Prov for Deferred Inc Tax (Non-Util)	(6,624)
<b>Total Other Income, Net</b>	<b>(6,680)</b>
<b>Gross Income</b>	<b>960,962</b>
<b>Interest Deductions</b>	
Interest on Long-Term Debt	285,474
Allow for Borrowed Funds During Construction	(20,914)
Other Interest	8,734
Amortization of Debt Discount & Expense	17,318
<b>Total Interest Deductions</b>	<b>290,612</b>
<b>Net Income</b>	<b>670,349</b>
Dividends on Preference & Pref Stock	-
<b>Earnings for Common Stock</b>	<b>\$ 670,349</b>

**Note**

This schedule represents the actual income statement for twelve months.  
 No proforma adjustments were calculated.  
 Detail amounts may not add to totals shown due to rounding.

**DUKE ENERGY CAROLINAS**  
**UNCONSOLIDATED STATEMENTS OF CASH FLOWS**  
 Three Months Ending March 31, 2008  
 (Dollars in Thousands)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income	\$ 167,717
Adjustments to reconcile net income to net cash (used in) operating activities:	
Depreciation	185,479
Amortization including Nuclear Fuel	37,935
Deferred income taxes and investment tax credit(Net)	4,001
(Increase) Decrease in	
Receivables	147,565
Inventory	16,218
Increase (Decrease) in	
Accounts payable	(10,106)
Taxes accrued	44,019
Interest accrued and other liabilities	(26,697)
Allowance for equity funds used during construction	(20,095)
Earnings of affiliates	20
Other, net	(4,207)
<b>Total adjustments</b>	<b>374,132</b>
<b>Net cash provided by (used in) operating activities</b>	<b>541,849</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Construction expenditures and other property additions	(495,123)
Investment in nuclear fuel	(100,989)
Investment in affiliates	(3,992)
Net change in investment securities	(175,373)
Other, net	(2,686)
<b>Net cash provided by (used in) investing activities</b>	<b>(778,162)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from the issuance of	
Long Term Debt	898,290
Short term Debt	-
Payments for the redemption of	
Long Term Debt	(501,041)
Short term Debt	(150,000)
Other	(5,793)
<b>Net cash provided by (used in) financing activities</b>	<b>241,456</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,142</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>21,493</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 26,635</b>

**Note**

This schedule represents actual cash flows for three months. No proforma adjustments were calculated.  
 Detail amounts may not add to totals shown due to rounding.

**DUKE ENERGY CAROLINAS**  
**STATEMENT OF RETAINED EARNINGS**  
**THREE MONTHS ENDED MARCH 31, 2008**  
(Dollars in Thousands)

BALANCE - December 31, 2007.....	\$	6,653,877
ADD - Net income .....		<u>167,717</u>
<b>Total .....</b>		<b><u>6,821,594</u></b>
 <b>BALANCE - March 31, 2008</b>	 <b>\$</b>	 <b><u>6,821,594</u></b>

**Note**

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS  
UNCONSOLIDATED STATEMENTS OF CAPITALIZATION  
(Dollars in Thousands)

			March 31 2008	Percent of Total	Proforma	Proforma Amount	Percent of Total
<b>MEMBERS' EQUITY</b>							
Accumulated Other Comprehensive Income .....			(32,669)		-	(32,669)	
Members' Equity .....			6,821,594		(A)	6,821,594	
<b>Total members' equity .....</b>			<b>6,788,925</b>	<b>56.3</b>		<b>6,788,925</b>	<b>46.9</b>
<b>LONG-TERM DEBT (A)</b>							
	Rate	Year Due					
First and refunding mortgage bonds	3.75%	2008	-			-	
	4.50%	2010	200,000		(200,000) (B)	-	
	5.30%	2015	500,000			500,000	
	5.25%	2018	400,000			400,000	
	6.00%	2038	500,000			500,000	
	8.95%	2027	13,742			13,742	
	5.10%	2018	-		300,000 (C)	300,000	
	6.05%	2038	-		600,000 (C)	600,000	
					2,000,000 (D)	2,000,000	
Pollution-control series, 1990 .....	1.95%	2014	40,000			40,000	
Pollution-control series, 1993 .....	2.09%	2017	77,000			77,000	
Pollution-control series, 1999 .....	1.50%	2012	20,000			20,000	
	1.45%	2017	25,000			25,000	
	1.50%	2017	10,000			10,000	
Pollution-control series, 2006 .....	2.20%	2031	75,000			75,000	
	2.13%	2031	75,000			75,000	
Pollution-control series, 2007 .....	7.00%	2040	50,000			50,000	
	6.49%	2040	50,000			50,000	
<b>Total mortgage and pollution control bonds .....</b>			<b>2,035,742</b>		<b>2,700,000</b>	<b>4,735,742</b>	
Senior Debt	5.375%	2009	200,000		(200,000) (B)	-	
	7.375%	2010	300,000		(300,000) (B)	-	
	5.625%	2012	400,000			400,000	
	6.25%	2012	750,000			750,000	
	6.10%	2037	500,000			500,000	
	6.00%	2028	300,000			300,000	
	4.20%	2008	300,000		(300,000) (B)	-	
	6.45%	2032	350,000			350,000	
Nantahala Power & Light	6.90%	2016	21,000			21,000	
Nantahala Power & Light	7.45%	2012	7,667			7,667	
Nantahala Power & Light	9.21%	2011	2,000			2,000	
<b>Total senior debt .....</b>			<b>3,130,667</b>		<b>(800,000)</b>	<b>2,330,667</b>	
Capitalized leases .....			-			-	
Other long-term debt instruments .....			632,394			632,394	
Unamortized debt discount and premium, net .....			(8,714)			(8,714)	
Current maturities of long-term debt .....			(510,161)		500,000	(10,161)	
<b>Total unconsolidated long-term debt .....</b>			<b>5,279,927</b>	<b>43.7</b>	<b>2,400,000</b>	<b>7,679,927</b>	<b>53.1</b>
<b>TOTAL CAPITALIZATION .....</b>			<b>\$ 12,068,852</b>	<b>100.0</b>	<b>\$ 2,400,000</b>	<b>\$ 14,468,852</b>	<b>100.0</b>

Notes:

(A) No proforma adjustments were calculated for Members' Equity (e.g. net income additions)

(B) Amounts reflect the maturity of long-term debt in 2008, 2009 and 2010.

(C) The increase in long-term debt includes \$900 million of First Mortgage Bonds issued by Duke Energy Carolinas in April 2008 pursuant to authority granted in Docket No. E-7, Sub 836.

(D) Represents the total amount of financing requested per this application.

Detail amounts may not add due to rounding.